TAXPAYER'S GUIDE TO LOCAL PROPERTY TAX EXEMPTIONS

SENIORS

Clauses 41, 41B, 41C, 41C½

The Department of Revenue (DOR) has created this fact sheet to provide general information about local property tax exemptions for seniors. It is not designed to address all questions or issues and does not change any provision of the Massachusetts General Laws. **To find out about the specific eligibility and application requirements in your city or town, you must contact your local board of assessors.** The DOR cannot advise you about your eligibility. Property taxes are assessed and collected by cities and towns, not by the DOR. Under state law, only your board of assessors, as the local tax administrator, can decide whether you qualify for an exemption. If you disagree with its decision, you may appeal to the state Appellate Tax Board (or county commissioners if your county's government has not been abolished).

INTRODUCTION

Cities and towns may give property tax exemptions to some individuals as defined by state law. An exemption discharges a taxpayer from the legal obligation to pay all or a part of the tax. Exemptions are found in various clauses of Massachusetts General Laws Chapter 59, Section 5 (M.G.L. c. 59, § 5).

Clauses 41, 41B, 41C or 41C½ provide exemptions to seniors who meet specific ownership, residency, income and asset requirements. Seniors 70 or older may, alternatively, qualify for exemption under Clauses 17, 17C, 17C½ or 17D, which provide a reduced benefit, but have less strict eligibility requirements. Clause 41 is the basic exemption for seniors. Over the years, as income and asset values rose, the Legislature enacted alternative exemptions (Clauses 41B, 41C and 41C½), and options within those exemptions, that cities and towns may adopt.

Clause 41 applies unless the legislative body of your city or town has voted, subject to local charter, to accept another clause. The most recently accepted clause establishes eligibility rules.

EXEMPTION AMOUNT	Clauses 41, 41B, 41C	City of Northampton Exemption is $650
	Clause 41C½	5% of the average assessed valuation of residential property in your city or town.
	The Clause 41C exemption may be increased up to $1,000, by legislative body vote.	
	The Clause 41C½ exemption may be increased up to 20% of the average assessed valuation of residential property in your city or town, by legislative body vote.	

For more information, please contact your local assessors. *Rev. 9/2010*

APPLICATIONS	You must file an application each year with the assessors in the city or town where your property is located. An application for Clause 41, 41B or 41C is due on December 15, or three months after the actual tax bills are mailed, whichever is later. An application for Clause 41C½ is due on the earlier abatement application deadline for the fiscal year, which is the same day that the first actual tax payment for the year is due. ***Filing on time is required. By law, the assessors may not waive this filing deadline, nor act on a late application, for any reason.*** Filing an application does not entitle you to delay your tax payment.
DOCUMENTATION	You must provide the assessors with whatever information is reasonably required to establish your eligibility. This information may include, but is not limited to: 1. Birth certificates. 2. Evidence of ownership, domicile and occupancy. 3. Income tax returns, bank and other asset account statements.
NUMBER OF EXEMPTIONS	With limited exceptions, you may only receive one exemption under M.G.L. c. 59, § 5. If you qualify for more than one, you will receive the one that provides the greatest benefit. You may receive an exemption and if qualified, defer all or a part of the balance of the reduced tax.
ELIGIBILITY REQUIREMENTS	You must satisfy tests relating to age, domicile, ownership, occupancy, annual income and assets. All eligibility requirements must be met as of July 1 of the tax year. (*The fiscal year of cities and towns begins July 1 and ends the following June 30.*) If you own the property with someone who is not your spouse, for example, your children or other relatives, then each of the other co-owners must also satisfy the annual income and asset tests.
AGE	You must be 70 or older. For Clauses 41C and 41C½, the eligible age may be reduced to 65 or older, by legislative body vote.

OWNERSHIP AND DOMICILE	You must own and occupy the property as your domicile. For Clauses 41B, 41C and 41C½, you must also have had a domicile in Massachusetts for 10 consecutive years before the tax year begins, and have owned and occupied the property, or any other property in Massachusetts, for any 5 years. The 10 year continuous domicile requirement for Clause 41C½ may be reduced to 5 years, by legislative body vote. 1. Under Clauses 41, 41B and 41C, your ownership interest must be worth at least $4,000. You may own this interest solely, as a joint owner or as a tenant in common. If you own the property with someone who is not your spouse, your exemption will be equal to the same percentage of the exemption as your ownership interest in the property, for example, 50% if you are a joint owner with one other person. 2. If you hold a life estate in the domicile, you are considered the owner. 3. If your domicile is held in a trust, you are considered the owner only if: a. You are a trustee or co-trustee of that trust, <u>and</u> b. You have a sufficient beneficial interest in the domicile.
INCOME LIMITS	Your income (gross receipts) for the previous calendar year cannot exceed a specified limit. Each clause has a different limit. **Gross receipts means income from <u>all</u> sources and is broader than taxable income for federal or state income tax purposes.** Ordinary business expenses and losses are deducted but not personal or family expenses. If you received income from social security or certain public pensions systems in the prior calendar year, the assessors will deduct a "minimum social security" allowance, which is set by the DOR each year. If you are single, your allowable gross receipts can range from $6,000 (Clause 41) to the limit for the "circuit breaker" state income tax credit for single non-head of household filers (Clause 41C½). If you are married, the limit is based on the combined gross receipts of you and your spouse and ranges from $7,000 (Clause 41) to the limit for the "circuit breaker" state income tax credit for single non-head of household filers (Clause 41C½). For Clauses 41, 41B and 41C, the gross receipts limit may increase annually by the CPI determined by the DOR each year, if the legislative body of your city or town has voted, subject to local charter, to accept this local option.

ASSET LIMITS	Your assets (whole estate) on July 1 cannot exceed a specified limit. Each clause has a different limit. **Whole estate means <u>all</u> assets to which you have legal title and access as sole, joint owner or trustee that contribute to your total worth.** The value of the applicant's cemetery plots, registered motor vehicles, wearing apparel and household furniture and effects located in the domicile is not included in the calculation of the applicant's whole estate. In addition, the value of the domicile is generally not included, but depending on the clause, portions generating income or over a certain number of units may be included. If you are single, your allowable whole estate can range from $17,000 (Clause 41) to $40,000 (Clause 41C). If you are married, the limit is based on the combined whole estates of you and your spouse and ranges from $20,000 (Clause 41) to $55,000 (Clause 41C). There is no asset limit under Clause 41C½. For Clauses 41, 41B and 41C, the whole estate limit may increase annually by the CPI determined by the DOR each year, if the legislative body of your city or town has voted, subject to local charter, to accept this local option.

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SOCIAL SECURITY DEDUCTION FOR FISCAL YEAR 2014

(G.L. c. 59, § 5, Clause 41, 41B or 41C)

The Commissioner of Revenue has determined the allowable deduction from federal social security or railroad retirement, and from federal, Massachusetts or Massachusetts political subdivision employee pensions, annuities or retirement plans for the purposes of computing gross receipts under General Laws Chapter 59, Section 5, Clauses 41, 41B or 41C. The deduction is increased annually by the cost of living adjustment made for social security benefits distributed as of January first.

Social security benefits were adjusted by **1.7%**. Therefore, the amount to be deducted by the assessors when computing gross receipts for applicants seeking FY2014 exemptions under Clauses 41, 41B or 41C has been increased by **1.7%** above the amount allowed for FY2013.

GUIDELINES:

A. FULL YEAR RECIPIENTS

The following amounts should be deducted when computing the gross receipts for applicants who received income from Federal social security or railroad retirement, or from government employee pensions, annuities or retirement plans for all of 2012:

Annual Minimum Payments 2012

Worker	$4,381	15,000 + 5,000 = 26,572 M
Spouse	2,191	13,000 + 5,000 = 22,381 S
	$6,572	

B. PARTIAL YEAR RECIPIENTS

For applicants who received income from those sources for only a part of 2012, the following amount for each month for which the income was received should be deducted, provided that the total amount deducted does not exceed the total amount of such payments received:

Monthly Minimum Payments 2012

Worker	$368
Spouse	186
	$554

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